

- ▶ **maricopa county**
- ▶ financial and personnel resources
- ▶ **1st quarter report**
- ▶ **fy 1999-2000**

maricopa county

**strategies 2000**

# table of contents

maricopa county officials	1
introduction	2
summary findings	3
personnel savings	9
attrition	16
separations	19
recruitment strategies	23
innovations & competition	28



maricopa county financial & personnel resources 1st quarter report fy 1999-2000  
prepared by the office of management & budget

# **maricopa county officials**

## **Board of Supervisors**

**Fulton Brock, Chairman**  
**District 1**

**Don Stapley**  
**District 2**

**Andrew Kunasek**  
**District 3**

**Janice K. Brewer**  
**District 4**

**Mary Rose Garrido Wilcox**  
**District 5**

## **County Administrative Officer**

**David R. Smith**

## **Deputy County Administrator**

**Sandra L. Wilson**

Maricopa County, 301 W. Jefferson, Suite 1070, Phoenix, AZ. 85003  
Phone (602) 506-7280 Fax (602) 506-3063  
[www.maricopa.gov/budget/management.asp](http://www.maricopa.gov/budget/management.asp)

# introduction

Accomplishing personnel performance objectives, while increasing the quality of life for employees and citizens alike, requires the successful administration and control of staffing resources. The enclosed 1<sup>st</sup> Quarter Financial and Personnel Resources Report provides management with the tools necessary to achieve these objectives. Tools used include data, tracking, trending and analysis of key information, which control personal services expenditures and manage funded positions. The Office of Management and Budget (OMB) works with departments to effectively manage position control through automated solutions and department cooperation. OMB ensures full funding for all positions through the Funded Position Policy and the Lump Sum Budgeting Guidelines used in preparation of the annual budget.

Maricopa County's personnel resource strategies focus on the recruitment and retention of productive employees. Crucial elements of these processes include:

- ▶ Compensation, including wages, benefits and employee leave programs.
- ▶ Development of employee relations programs.
- ▶ Ongoing development and maintenance of programs, services, resources, and training to enhance the health, morale, productivity, and organizational knowledge of employees Countywide.

The operational and financial impact of human resources issues, trends, position control, recruitment and staff retention are contained in the following sections included in this report:

- ▶ Summary Findings
- ▶ Personnel Savings
- ▶ Attrition (Turnover Rates)
- ▶ Separations
- ▶ Recruitment Strategies
- ▶ Innovations & Competition

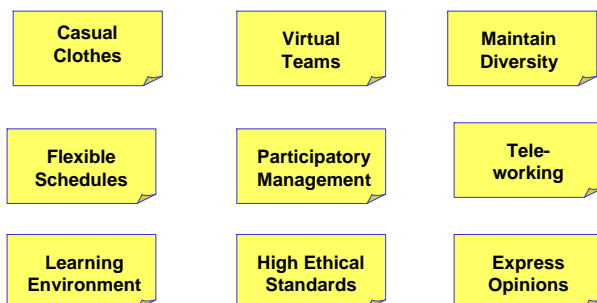
Information concerning departments with small numbers of employees (less than 25) should be used with extreme caution. A change of one or two vacancies, positions or terminations reflects a higher percentage change than those same movements within larger departments. These higher percentage changes may or may not reflect significant issues within these smaller departments.

Any questions you may have regarding this report or the position control process may be addressed to Maricopa County, Office of Management and Budget, 301 West Jefferson, Suite 1070, Phoenix, Arizona 85003. You may also call this office at (602) 506-7280.

# summary findings

Maricopa County enters the 1<sup>st</sup> fiscal year quarter in the Twenty-first Century by centering its personnel strategies upon expanding its commitment to enhance employee value. Increasing organizational demands combined with the local economic boom creates a highly competitive employment market that is already in short supply. Retaining diversified, productive, customer focused employees demands non-traditional, cutting edge, and most of all forward-thinking employee practices. Achieving a high level of employee satisfaction requires management to provide a quality work environment. Meeting these goals means tossing out old traditional ways of working, looking objectively at today's culture, and introducing creative employment solutions.

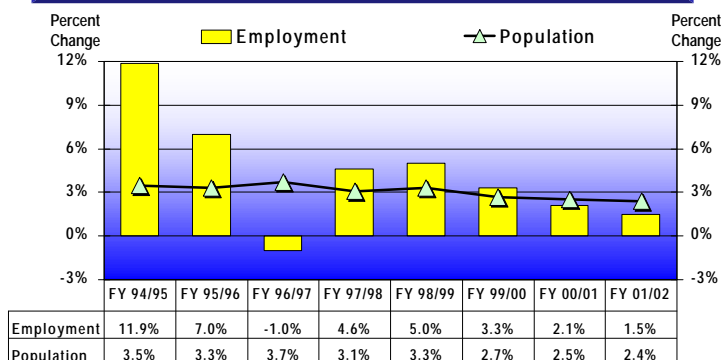
## Maricopa County's Generation X Non-Traditional Ways of Working



Maricopa County continues to move forward in changing its traditional ways of working. The County provides flexible work schedules, encourages expression of individual opinions, uses teleworking alternatives, promotes casual wear in appropriate areas, creates a learning environment, promotes integrity and truth in the workplace, provides participative styles of management, and uses diversity via unique work styles and cognitive sets, which all support the notion that employees are individuals who have lives outside of the office.

Maricopa County's economy continues to expand, albeit at a slower rate, as shown on the chart at right<sup>1</sup>. Continued economic growth adversely affects competition in the workplace and impacts the quality of services provided to its' citizens. Employees may also be adversely affected due to increased workloads.

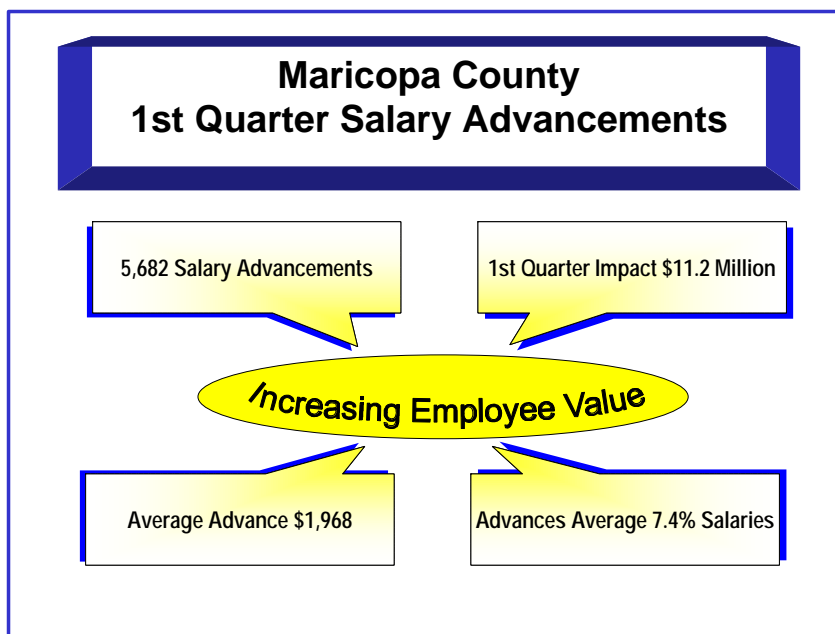
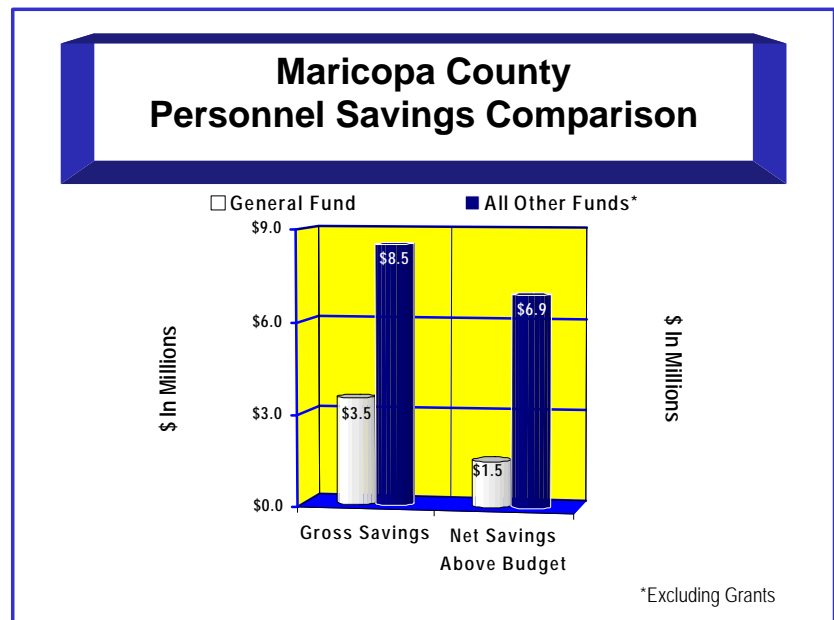
## Maricopa County Economic Expansion



<sup>1</sup> Source: Elliott D. Pollack & Co.

Personnel savings are grouped by fund in this document. The General Fund is a general operating fund set-up to account for the resources and uses of general governmental operations of the County. Taxes provide most of these resources. Enterprise funds are accounted for in a method similar to private business enterprise, where user fees are intended to recover expenditures. Special Revenue Funds are restricted to use by statute and local policy. The personnel savings section of this document places emphasis upon *General Fund* personnel savings and *Enterprise Fund* personnel savings which are health care related. These two funds have the greatest impact upon the citizens of Maricopa County. All other sections of this document which make reference to personnel savings include all funds (excluding grants).

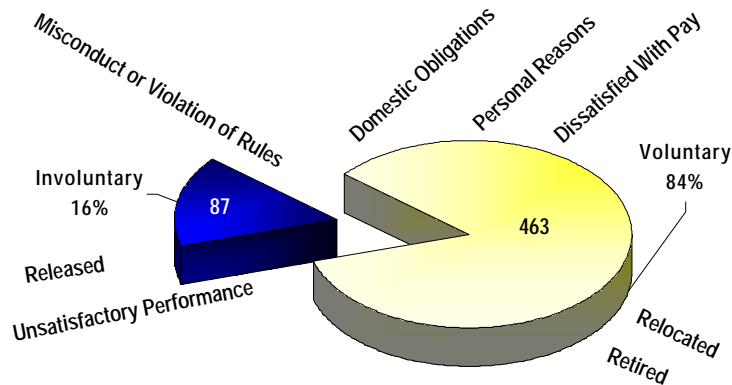
The chart at right illustrates Maricopa County's personnel savings for the 1<sup>st</sup> fiscal year quarter of the new millennium, FY 1999-2000. Total gross personnel savings for all funds excluding grants are \$12.0. \$3.5 million or 29.2% is in the General Fund and \$8.5 million or 70.8% is in all other funds (excluding grants). Net personnel savings above budget for the 1<sup>st</sup> quarter totals \$8.4 million (excluding grants). \$1.5 million or 17.9% is in the General Fund and \$6.9 million or 82.1% is in all other funds (excluding Grants).



Total 1<sup>st</sup> quarter *personnel costs* of \$116.2 million include 5,682 salary advances averaging 7.4% of salaries or approximately \$11.2 million.

Salary advancements increase employee value through recognition of performance and the County's commitment to raising and maintaining market equity. The Maricopa County Board of Supervisors approved an additional \$17.2 million (for all funds) to be used for market increases during FY 1999-00.

### Separation Categories 1st Quarter FY 1999-00



Employee separation reasons provide key employee retention information. Through separations, management is given an opportunity to assess and resolve staffing issues. Separations represent employees leaving the County. They are classified as either voluntary or involuntary as shown on the chart at left.

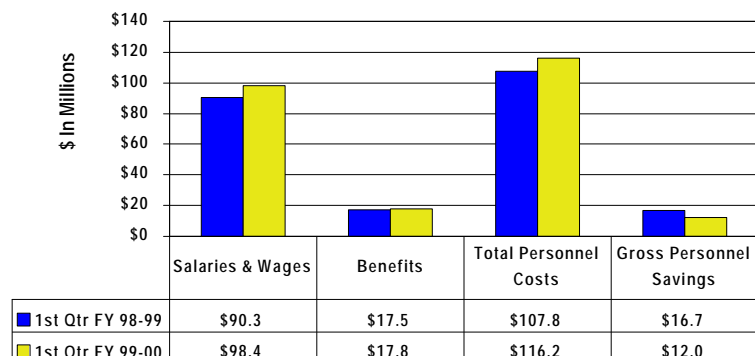
1<sup>st</sup> quarter FY 1999-00 voluntary separations of 463 represent 84% of total separations vs. 16% or 87 involuntary separations.

The higher the voluntary separations rate the higher the financial and operational impact to County departments. Involuntary separation increases may reflect issues involving personnel training, recruitment or performance. Employee separations also affect personnel savings both directly, by way of vacancy savings, and indirectly, such as through employee training costs. Personnel savings result when positions remain vacant, the actual pay of a position's incumbent is lower than budgeted, or when compensation plan funding remains unused. Salary savings may be the result of vacancy savings or unused salary advancement and incentive awards.

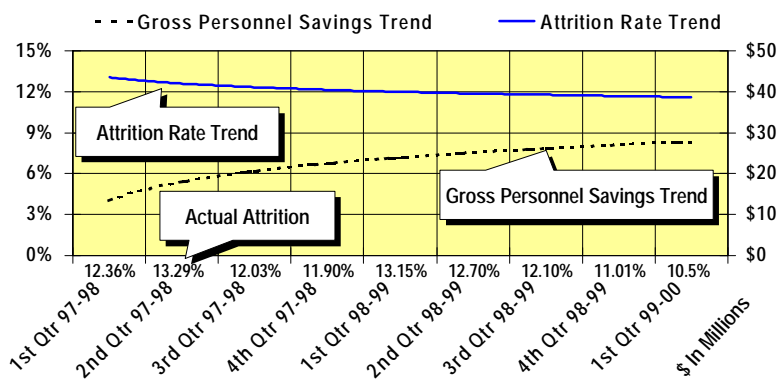
The data solicited from separating employees is critical to improving the work environment, employee productivity and future employee satisfaction. Quarterly exit interview information is used towards these means.

1<sup>st</sup> quarter FY 1998-99 and FY 1999-00 personnel costs comparisons are demonstrated on the chart at right. Looking at actual salaries and wages, they have increased by \$8.4 million vs. \$.3 million for benefits. Gross personnel savings as a percent of total personnel costs have declined significantly, by 5.2%, from last fiscal year or \$4.7 million.

### Maricopa County 1st Quarter Personnel Costs Comparison



### Maricopa County Trends Attrition Vs. Personnel Savings

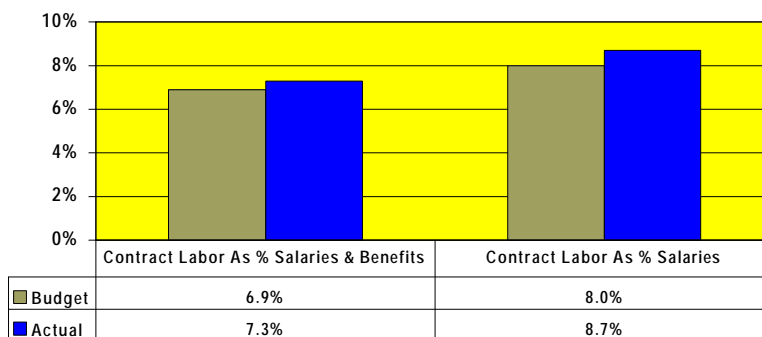


Attrition, as examined over time, appears to significantly impact personnel savings. High rates of attrition cause vacancy savings, which increase County personnel costs. The chart at left shows a slight decline in attrition over time, while gross personnel savings increase much more steeply over the same period. Viewing high personnel savings growth in conjunction with a slight lowering of attrition rates may be an indication of Maricopa County's success in resolving employee retention issues and improved employee morale.

Areas of staffing, which require technical expertise, such as in the nursing and technology arenas, are experiencing higher than average vacancies. Maricopa County's ever-expanding economy creates a highly competitive job market. The Maricopa Health System (MHS) must rely upon more costly and erratic temporary labor to meet customer demands primarily due to vacancies in nursing. MHS is working to reverse this trend through inventive recruitment and retention strategies, as seen in

### Maricopa Health System Contract Labor Vs. Regular Employees

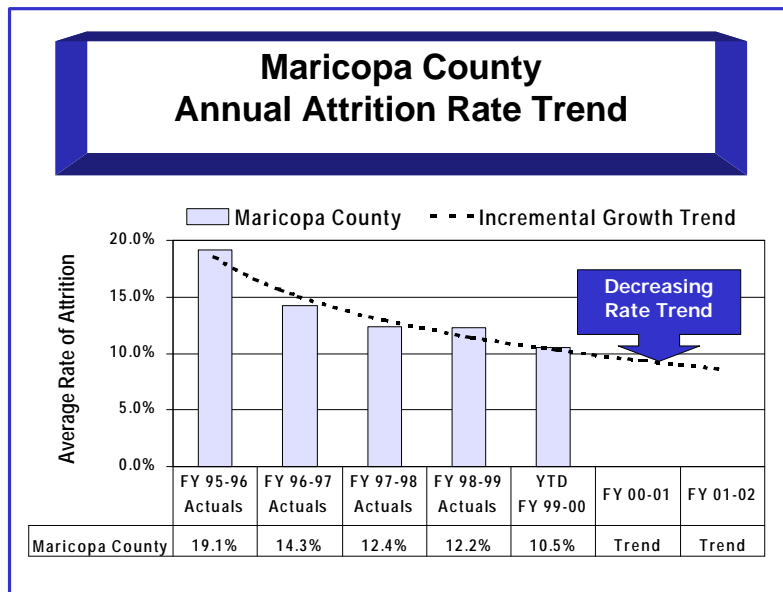
1st Quarter FY 1999-00



the innovations and competition section of this document. Contract labor continues to impact personnel expenditures by over 7% or \$1.5 million during the 1<sup>st</sup> quarter. The MHS total labor variance, including salaries, benefits and contract labor show a positive variance of \$1.2 million. This variance is due to salary savings, which is positively affected by a drop in MHS attrition. Additional information regarding these issues is provided in each of the subsequent sections of this document.



Successfully meeting organizational demands in a competitive market requires a high level of employee satisfaction. Maricopa County is demonstrating its commitment to increasing employee value by obtaining first hand knowledge of employee needs (through employee satisfaction and exit interview surveys), and acting upon this knowledge. The County continues to shift resources and staffing objectives toward organizational performance by attracting and retaining quality, customer focused employees. The innovations and competition section of this document provides a thorough examination of employee satisfaction and implementation of creative employee programs to meet the ever-changing needs of a diversified employee base.



Maricopa County's annual attrition rate trend is shown on the chart at left. The 1<sup>st</sup> quarter FY 1999-00 attrition rate of 10.5% should be used with caution when comparing to annual rates. Many factors have contributed to the decline in attrition over the past five years. These are outlined in the attrition section of this document.

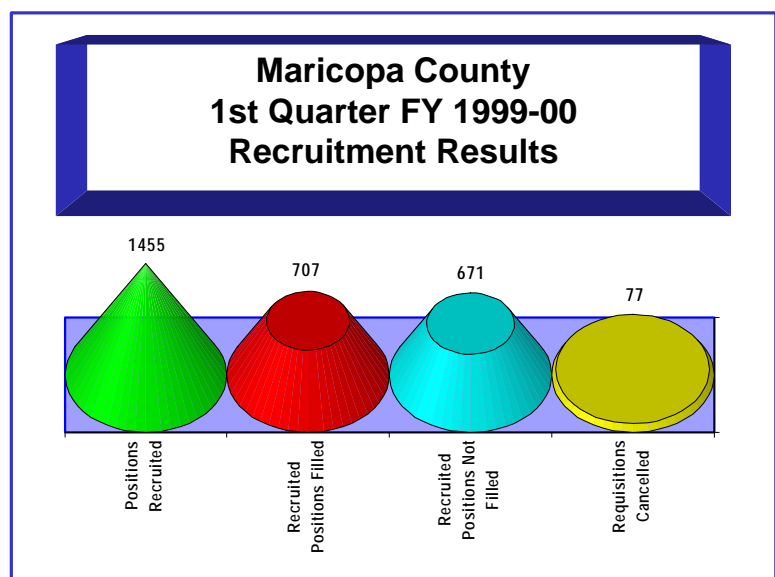
An often-overlooked contribution to the reduction of attrition is the County's recovery from its fiscal crisis of FY 1993-94. The recovery process involved radical changes in

Countywide financial and operational policies and procedures. As a result of these changes, the County's recovery came several years earlier than expected. A movement towards a County culture of accountability has been instituted through this recovery process, which is expected to affect a continuing decline in attrition, although at a slower rate.

Recruitment results for the 1<sup>st</sup> quarter of FY 1999-00 are provided on the chart at right. The table below compares the 1<sup>st</sup> quarter FY 1999-00 to that of FY 1998-99.

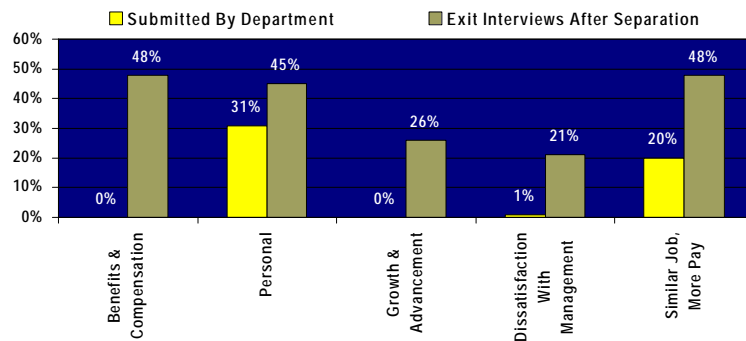
1 <sup>st</sup> Quarter Results			
Fiscal Year	Positions Recruited	Recruited Positions Filled	Percent Filled
1998-99	1,396	627	45%
1999-00	1,455	707	49%

The greater the number of positions actively recruited, the more likelihood that they will be filled.



### Maricopa County Voluntary Separation Comparison

FY 1998-99 Voluntary Separation Reasons With Highest Response Rates



According to surveys conducted by the Maricopa County Research and Reporting Department, voluntary separation reasons submitted by departments versus those received in exit interview surveys vary extensively based upon summary reasons for leaving.

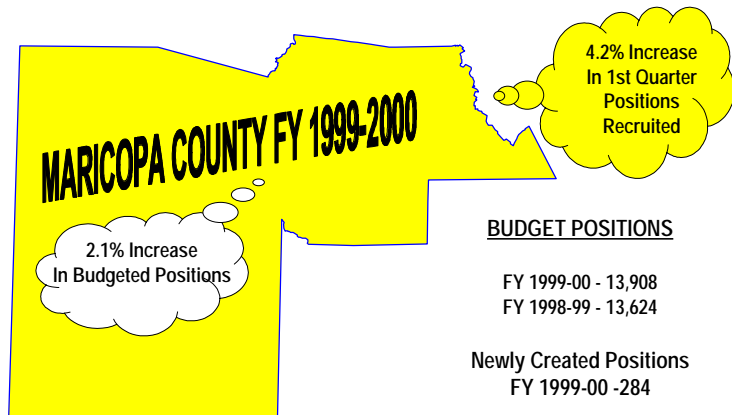
As demonstrated on the chart at left, exit interviews show that benefits and compensation<sup>2</sup> garner a 48% rating of employees voluntarily leaving the County during FY 1998-99. The department submitted

information shows that 20% of exiting employees are leaving due to receiving similar jobs at a higher rate of pay. The employees interviewed after leaving are provided the opportunity to give a 1<sup>st</sup> reason for leaving County employment, then additional opportunities. The separations section and innovations and compensation section of this document provide additional details regarding exit interview surveys and their results.

The chart at right addresses the budget impact upon 1<sup>st</sup> quarter financial and personnel resources. Increases in the number of authorized positions, timing issues related to filing newly created positions, recruitment efforts, and economic impacts such as the current highly competitive job market, affect personnel savings and the County's ability to attract and retain productive employees.

Maricopa County is moving forward to maintain its current competitive edge by offering diversified employee compensation options, providing a quality work environment, and hiring productive employees with solid core competencies. These strategies support the notion that employees are valuable individuals who deserve to have lives outside of the workplace.

### Maricopa County Budget Impacts On Personnel Resources



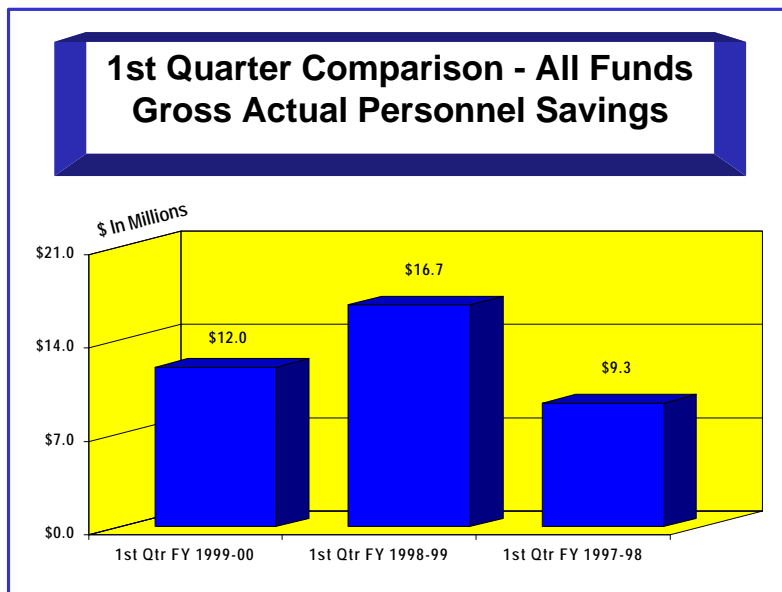
<sup>2</sup> Personal reasons are not included in this discussion, although shown on the chart, due to the fact that personal reasons are a vague, catch-all category.

# personnel savings

## All Funds (Excluding Grants)

Maricopa County's 1<sup>st</sup> quarter FY 1999-00 gross actual personnel savings for all funds (excluding grants) total \$12.0 million or 9.3% of total budgeted personnel costs. Net actual savings above budget of \$8.4 million are 133.3% higher than budgeted personnel savings.

MARICOPA COUNTY 1ST QUARTER YEAR-TO-DATE FY 1999-00 PERSONNEL SAVINGS ALL FUNDS EXCLUDING GRANTS						
Total Budget Personnel Costs	Actual Personnel Costs	Gross Actual Personnel Savings	% Gross Actual Savings/ Total Budget	Budgeted Personnel Savings	Net Actual Savings (Above Budget)	% Net Actual Savings/ Budgeted Savings
\$ 128,249,461	\$ 116,232,087	\$ 12,017,374	9.3%	\$ 3,636,995	\$ 8,380,379	133.3%

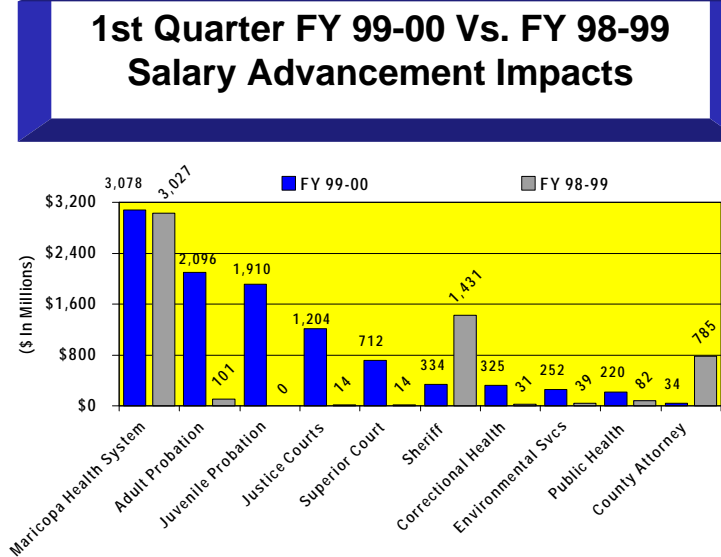


1<sup>st</sup> quarter FY 1999-00 gross actual personnel savings for all funds (excluding grants) of \$12.0 million are \$4.7 million or 39.2% lower than the gross actual personnel savings for the 1<sup>st</sup> quarter of FY 1998-99 and \$2.7 million or 22.5% higher than the 1<sup>st</sup> quarter of FY 1997-98. Personnel savings result when positions remain vacant, the actual pay of a position's incumbent is lower than budgeted, or when compensation plan funding remains unused. The chart at left shows year over year 1<sup>st</sup> quarter gross

actual personnel savings for all funds. The decline in 1<sup>st</sup> quarter personnel savings from FY 1998-99 to FY 1999-00 of \$4.7 million is primarily attributed to an increase of 653 newly created positions, an increase of 665 filled positions coupled with a decline in the rate of employee turnover. The increase in 1<sup>st</sup> quarter savings from FY 1997-98 to FY 1999-00 of \$2.7 million is primarily attributed to an increase of 779 authorized positions offset by a decrease of 939 filled positions (leaving a net of 160 vacant positions).

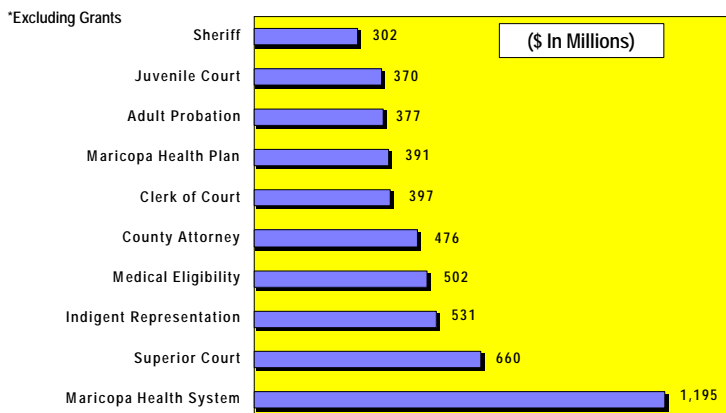
Salary advancements during the 1<sup>st</sup> quarter impact personnel savings due to timing and budget issues. The chart on the next page provides 1<sup>st</sup> quarter advancement comparisons.

Major salary advancement impacts for the 1<sup>st</sup> quarter FY 1999-00 to that of the 1<sup>st</sup> quarter FY 1998-99 are shown at right. The Maricopa Health System shows the largest 1<sup>st</sup> quarter impact at over \$3 million. MHS is level with what they distributed last year during the 1<sup>st</sup> quarter. Most other departments shown have drastically increased their 1<sup>st</sup> quarter salary advancements from FY 98-99, with the exception of the Sheriff and County Attorney. Adult Probation increased their 1<sup>st</sup>



quarter salary advances by nearly \$2 million from last fiscal year. Juvenile Probation issued no salary increases during the 1<sup>st</sup> quarter of last fiscal year, and issued \$1.9 million during the 1<sup>st</sup> quarter of this fiscal year. The opposite holds true when comparing the Sheriff's Office, which issued about \$1.1 million less in salary advancements this fiscal year-to-date and the County Attorney's Office, which issued \$.8 million less in salary advancements over the same period. Unused salary advances may be awarded at fiscal year-end in the form of performance incentives, i.e. one-time awards that do not increase an employee's base salary. See the Innovations & Competition section of this document for performance incentive information.

### Major Personnel Savings Variance Above Budget For All Funds\*



Departments with major personnel savings above that budgeted for all funds, excluding grants, are shown on the chart at left.

Although listed at left, the Maricopa Health System and Maricopa Health Plan do not budget personnel savings. This noted, Superior Court shows \$.660 million in personnel savings above what was budgeted. This represents 7% of their total budget year-to-date.

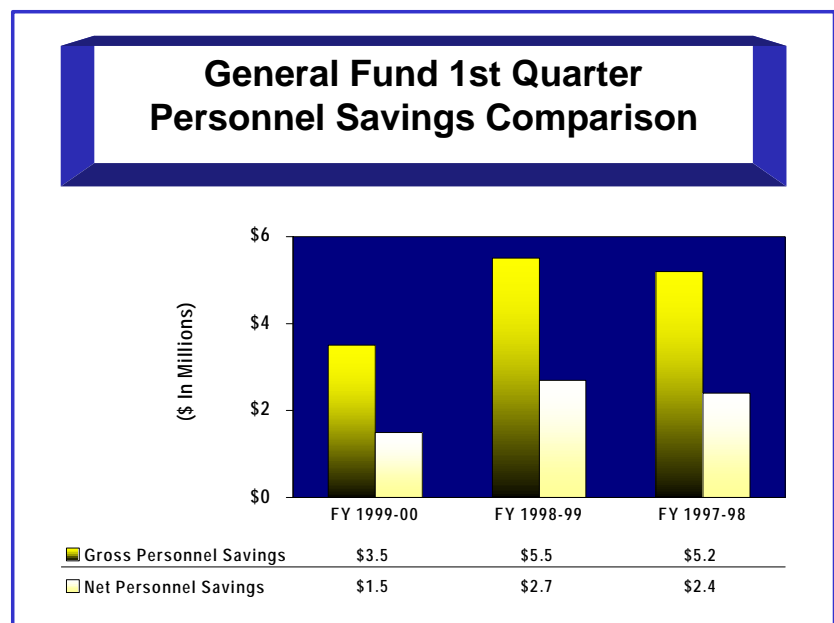
## GENERAL FUND

Maricopa County's General Fund 1st quarter year-to-date FY 1999-00 gross actual personnel savings total \$3.5 million or 6.0% of total budgeted personnel costs. Net actual savings (above what is budgeted) of \$1.5 million represents 78.9% of budgeted personnel savings. The financial data is shown on the table below.

MARICOPA COUNTY 4TH QUARTER YEAR-TO-DATE FY 1998-99 PERSONNEL SAVINGS GENERAL FUND						
Total Budget Personnel Costs	Actual Personnel Costs	Gross Actual Personnel Savings	% Gross Actual Savings/ Total Budget	Budgeted Personnel Savings	Net Actual Savings (Above Budget)	% Net Actual Savings/ Budgeted Savings
\$ 58,734,057	\$ 55,226,293	\$ 3,507,764	6.0%	\$ 1,960,207	\$ 1,547,557	78.9%

The \$1.5 million in net actual savings (above budget) represents the FY 1999-00 variance to budget. This net actual savings above budget equates to a 2.6% variance to total budgeted expenditures.

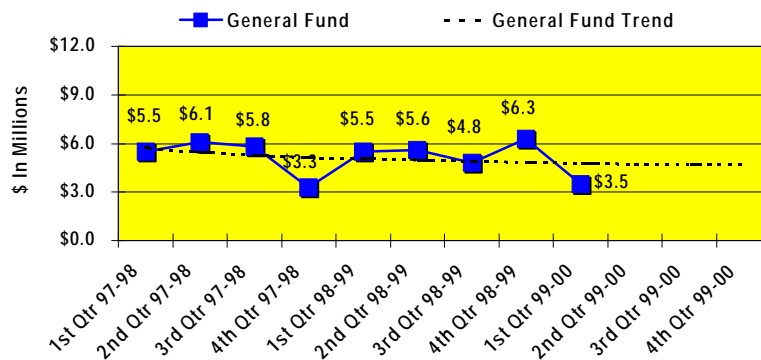
The chart at right shows General Fund gross personnel savings to net personnel savings for the 1<sup>st</sup> quarter of FY 1997-98, FY 1998-99, and FY 1999-00. The General Fund 1<sup>st</sup> quarter FY 1999-00 variances show substantial drops in personnel savings. The table on the following page shows gross personnel savings by individual department for the 1<sup>st</sup> quarter of FY 1999-00.



As described in the summary section of this document, personnel savings are impacted by newly created positions, lower vacancies, market equity issue resolution, variances to budget in regular, temporary and special pay, increased employee satisfaction, lower turnover, etc.

GENERAL FUND PERSONNEL SAVINGS YTD 1ST QUARTER FY 1999-00 BASED UPON REGULAR, TEMPORARY AND SPECIAL PAY (\$ IN THOUSANDS)				
DEPT	DEPARTMENT NAME	BUDGET	ACTUAL	VARIANCE
10	BOARD OF SUPERVISORS DISTRICT 1	42	41	1
20	BOARD OF SUPERVISORS DISTRICT 2	38	38	-
30	BOARD OF SUPERVISORS DISTRICT 3	42	34	8
40	BOARD OF SUPERVISORS DISTRICT 4	40	35	5
50	BOARD OF SUPERVISORS DISTRICT 5	39	50	(11)
60	BOARD OF SUPERVISORS CLERK	68	60	8
110	ADULT PROBATION	1,807	1,903	(96)
120	ASSESSOR	2,454	2,309	145
140	COUNTY CALL CENTER	205	185	20
150	EMERGENCY MANAGEMENT	24	19	5
160	CLERK OF SUPERIOR COURT	3,837	3,379	458
180	DEPARTMENT OF FINANCE	400	336	64
190	COUNTY ATTORNEY	7,369	7,257	112
200	COUNTY ADMINISTRATION OFFICE	215	198	17
210	ELECTIONS	498	427	71
220	HUMAN SERVICES	60	20	40
230	INTERNAL AUDIT	177	149	28
240	JUSTICE COURTS	2,045	2,242	(197)
250	CONSTABLES	293	272	21
270	JUVENILE COURT	1,926	2,065	(139)
280	MEDICAL ELIGIBILITY	1,946	1,482	464
290	MEDICAL EXAMINER	559	515	44
300	RECREATION SERVICES	214	199	15
310	HUMAN RESOURCES	492	437	55
330	INDIGENT REPRESENTATION	4,881	4,433	448
340	PUBLIC FIDUCIARY	305	267	38
350	PLANNING & TRAINING	103	85	18
360	RECORDER	267	273	(6)
370	SUPERINTENDENT OF SCHOOLS	257	241	16
380	SUPERIOR COURT	6,792	6,430	362
390	HEALTH CARE MANDATES	19	-	19
410	OFFICE OF THE CIO	781	740	41
430	TREASURER	536	462	74
450	JUDICIAL MANDATES	367	323	44
490	MANAGEMENT & BUDGET	292	226	66
500	SHERIFF	8,135	9,966	(1,831)
700	FACILITIES MANAGEMENT	1,541	1,288	253
730	MATERIALS MANAGEMENT	266	228	38
860	PUBLIC HEALTH	875	753	122
880	ENVIRONMENTAL SERVICES	94	90	4
	<b>TOTAL</b>	<b>\$ 50,301</b>	<b>\$ 49,457</b>	<b>\$ 844</b>

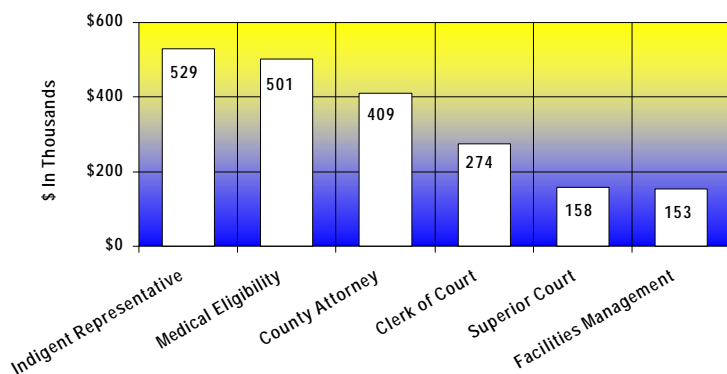
### General Fund Incremental Growth Trend Gross Personnel Savings



The chart at left compares General Fund gross personnel savings to its incremental growth trend. Gross personnel savings from the 1<sup>st</sup> quarter FY 1997-98 to the 1<sup>st</sup> quarter FY 1999-00 decreased by \$2 million and the incremental growth trend shows a decrease of 36%. The decreases may be the result of FY 1999-00 increases in the number of authorized and filled positions, timing issues, and the impact of a highly competitive job market, which drives up the cost of labor.

General Fund departments showing the largest net personnel savings are reflected on the chart to the right. Net personnel savings refer to personnel savings above that which is budgeted.

### 1st Quarter FY 1999-00 General Fund Net Personnel Savings



Personnel savings are made up of salaries, wages, and benefits versus salary savings that are made up of only salaries and wages. The salary savings alone for these departments are as follows:

DEPARTMENT	1 <sup>ST</sup> QUARTER SALARY SAVINGS	% OF BUDGETED SALARIES
Indigent Representation	\$ 605,847	10.5%
Medical Eligibility	\$ 600,171	25.3%
County Attorney	\$ 345,696	3.7%
Clerk of Court	\$ 704,103	14.0%
Superior Court	\$ 834,218	9.6%
Facilities Management	\$ 327,616	17.6%



## ENTERPRISE FUNDS

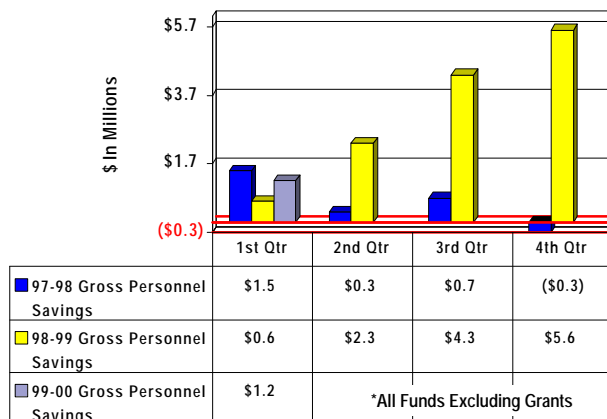
### MARICOPA INTEGRATED HEALTH SYSTEM

The Maricopa Integrated Health System (MIHS) is composed of both the Maricopa Health System (MHS) and the Maricopa Health Plan (MHP) divisions. Their combined personnel savings year-to-date for the 1<sup>st</sup> quarter total \$1.2 million or 14.3% of total Countywide net actual personnel savings (all funds except grants). MIHS does not budget personnel savings, or any type of turnover savings. The MIHS utilizes a different financial and personnel resources system than the County for tracking data. Thus, net actual personnel savings for MIHS, and Countywide, is inflated.

### MARICOPA HEALTH SYSTEM

1<sup>st</sup> quarter FY 1999-00 gross personnel savings for all funds (excluding grants) shows a 50% increase from the 1<sup>st</sup> quarter of FY 1998-99 and a 20% decrease from FY 1997-98. The changes in 1<sup>st</sup> quarter gross personnel savings are directly affected by the continued expansion of the local economy, which causes shortages in skilled labor, thus affecting staffing and retention. Compensation inequities continue to be addressed along with attrition issues. The 1<sup>st</sup> quarter FY 1999-00 increase in gross personnel savings is primarily due to *an extreme drop in attrition* from the 1<sup>st</sup> quarter of last fiscal year of 13.7%. 1<sup>st</sup> Quarter attrition dropped from 27.5% to 13.8%. This is primarily due to a reduction of 378 vacant positions combined with a continued flat rate in 1<sup>st</sup> quarter filled positions.

#### Maricopa Health System Gross Personnel Savings Comparison\*



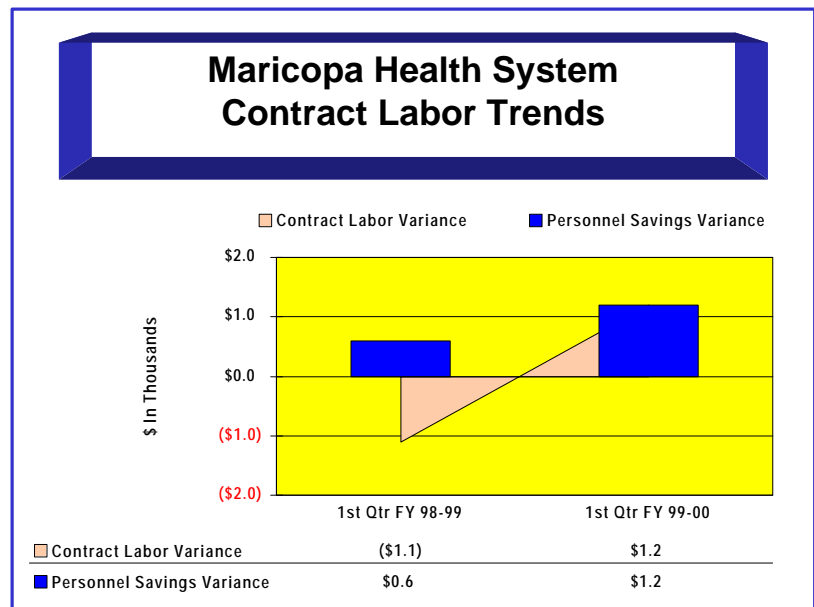
1<sup>st</sup> Quarter MHS gross personnel savings total \$1.2 million or 5.2% of MHS total budgeted personnel costs. Actual personnel costs year-to-date total \$21.6 million, which include \$18.2 million in salaries and wages and \$3.4 million in benefits. The actual benefit rate for MHS as of September 30, 1999, is 15.7%.

Several compensation actions were implemented during the 1<sup>st</sup> quarter, positively affecting the rate of employee turnover. 1,501 salary advances were

completed for MHS during the 1<sup>st</sup> quarter FY 1999-00 at an average 7.24% with an annualized impact of \$2.6 million. Salary advancements continue to be rolled out to encourage and support employee retention.

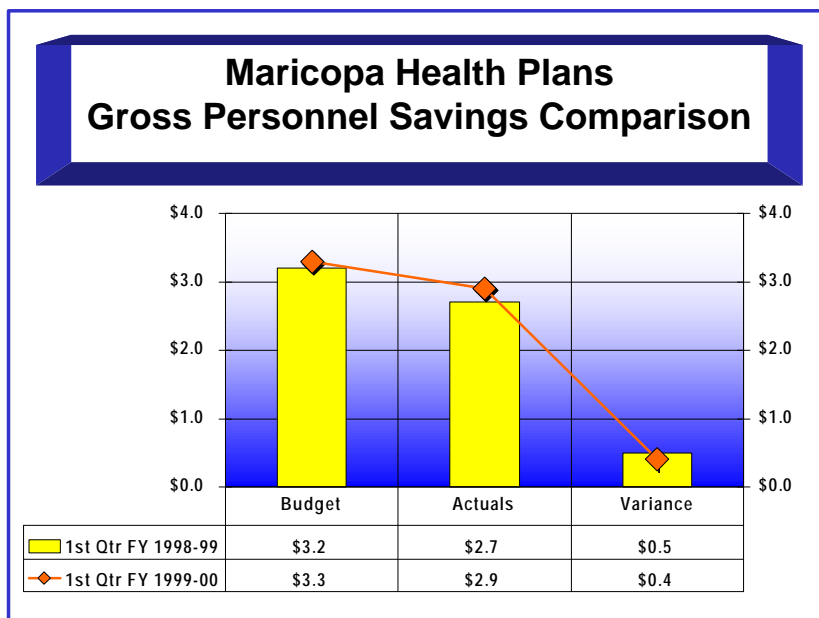


A critical shortage of technical and professional staff, mainly related to nursing, adversely impacted MHS until the 1<sup>st</sup> quarter of this fiscal year. As shown on the chart at right, a comparison of personnel savings to contract labor shows that salary and benefit variances are up by \$0.6 million and contract labor (nurse registry) variances are up by \$2.3 million. The results of total labor costs to MHS reflect a net favorable variance of \$2.4 million year-to-date 1<sup>st</sup> quarter FY 1999-00. With continued employee attraction and retention strategies, MHS will resolve its issues regarding the use of nurse registry in covering staffing shortages.



The MHS Human Resources Division continues its efforts to attract highly qualified, productive employees while continuing to reduce attrition.

## MARICOPA HEALTH PLAN



MHP's year-to-date 1<sup>st</sup> quarter FY 1999-00 actual personnel costs total \$3.3 million, which represents a 12.1% favorable variance to budget. Arizona Long-Term Care Services (ALTCS) member months are behind budget, which drives the mandated case manager positions. Gross personnel savings for the 1<sup>st</sup> quarter FY 1998-99 versus the 1<sup>st</sup> quarter FY 1999-00 are on par. The comparison of vacant positions for the identical period of time shows vacancies to be down by

18%, having a positive affect upon their rate of attrition. MHP attrition currently at 10.2% is down 2.1% from the 1<sup>st</sup> quarter of last fiscal year. Their attrition rate is .3% lower than the 1<sup>st</sup> quarter Countywide average of 10.5%. See the attrition section of this document for additional information.

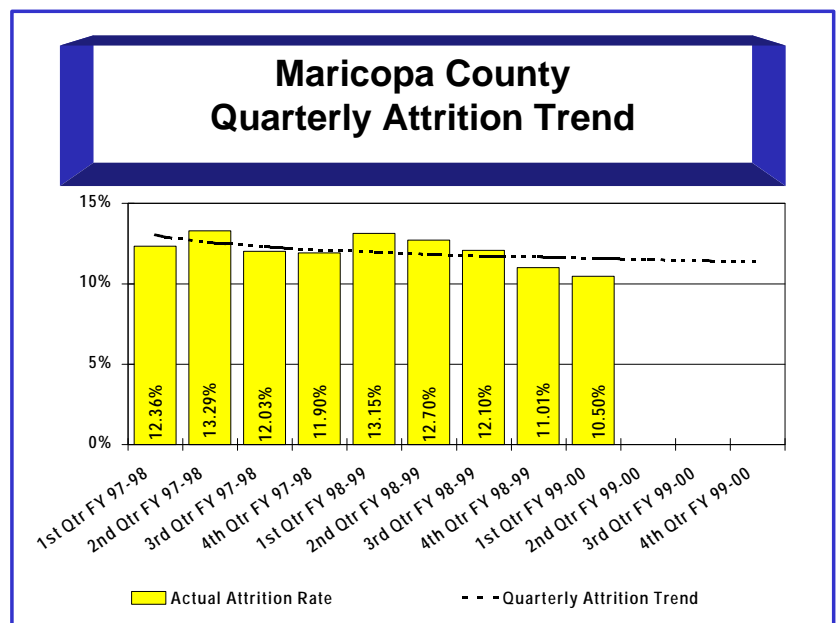
# attrition

Maricopa County's rate of attrition, or turnover, as of September 30, 1999, was 10.5%. This compares favorably to the 1<sup>st</sup> quarter of FY 1997-98 of 12.36% and 1<sup>st</sup> quarter of FY 1998-99 of 13.15%. The current attrition rate is 1.74 percentage points lower than the FY 1998-99 average rate of 12.24%, in spite of an authorized budget increase of 274 positions Countywide effective July 1, 1999. The difference is that as of September 30, 1998, 1,854 positions were vacant as compared to September 30, 1999, wherein only 1,463 positions were vacant. As seen on the chart below, total authorized positions, including newly created positions, in themselves are not the only criteria for change in attrition rates. Positions remaining vacant also have a primary impact upon attrition.

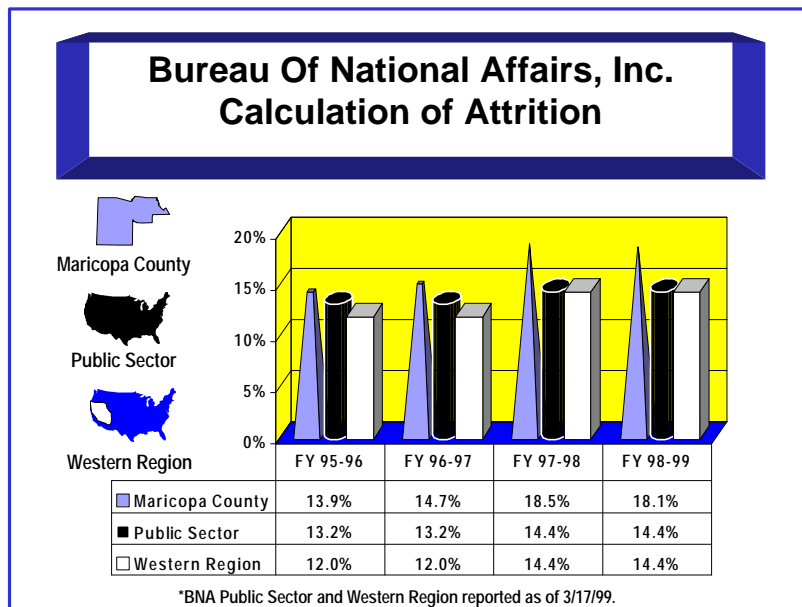
1ST QUARTER OF FISCAL YEAR	TOTAL AUTHORIZED POSITIONS	NUMBER OF NEWLY CREATED POSITIONS	NUMBER OF POSITIONS FILLED	NUMBER OF POSITIONS VACANT	RATE OF ATTRITION
FY 1999-00	13,908	274	12,445	1,463	10.50%
FY 1998-99	13,634	505	11,780	1,854	13.15%
FY 1997-98	13,129	(461)	11,506	1,623	12.36%

The chart at right provides the actual Maricopa County calculated rates of attrition quarterly over the past two fiscal years. Also included is a quarterly attrition rate trend, which shows a slowing of the decrease in attrition through the end of the current fiscal year.

Maricopa County's calculated rate of attrition compares the number of vacant positions to those authorized in the adopted budget. The impacts can be seen in the table above and the chart at right.



There is another methodology for calculating attrition that Maricopa County reports referred to as the Bureau of National Affairs, Inc. (BNA) formula. This formula differs from Maricopa County's calculation in that BNA compares the number of separations to the average number of regular positions filled and annualized versus comparing total authorized positions to vacant positions.



According to the BNA March 17, 1999 press release, employee turnover nationwide remained the same in 1998 as in 1997. Year-end average median turnover rates for the public sector and western region of the United States climbed to its highest level since 1989 of 14.4%.

The chart at left provides the results of applying the Bureau of National Affairs, Inc., (BNA) attrition formula to Maricopa County in comparison to the BNA provided attrition rates for the public sector and western region

of the United States.

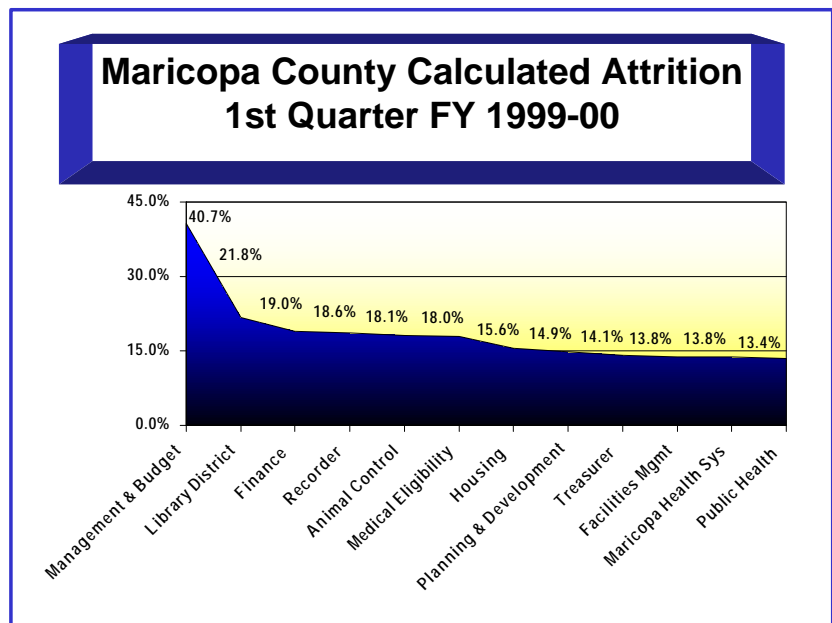
In a September 22, 1999 press release, BNA disclosed that the median employee turnover nationwide for the three months ending June 30, 1999 was 15.60%, a 1.2% incremental increase over FY 1998-99. The actual BNA calculated Maricopa County employee turnover for the same period of time was 18.96%, a 0.86% incremental increase over FY 1998-99. According to BNA incremental growth standards, Maricopa County is fairing well when comparing its incremental growth to that of the nation for the most recent quarter's information available.

MARICOPA COUNTY ATTRITION CALCULATIONS					
	FY 95-96	FY 96-97	FY 97-98	FY 98-99	1 <sup>st</sup> Qtr FY 98-99
<b>BNA Calculation</b>	<b>13.9%</b>	<b>14.7%</b>	<b>18.5%</b>	<b>18.1%</b>	<b>17.7%</b>
<b>Maricopa County Calculation</b>	<b>19.1%</b>	<b>14.3%</b>	<b>12.4%</b>	<b>12.2%</b>	<b>10.5%</b>

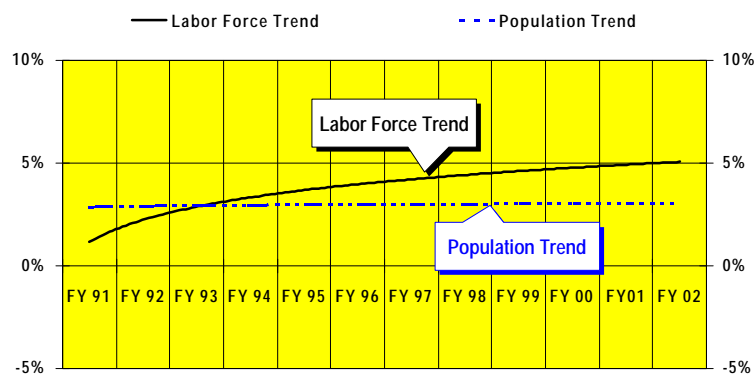
The table above provides Maricopa County's annual rates of attrition utilizing both the BNA formula and the Maricopa County formula. Maricopa County's BNA annualized turnover as of September 30, 1999 of 17.7% represents a 0.4% reduction from last fiscal year. The County's formula puts September 30, 1999 attrition at 10.5%, a 1.7% reduction in attrition from last fiscal year. These decreasing rates of attrition are attributed to increases in the number of positions actively recruited combined with reductions in vacant positions, reductions in the number of employee separations, and the Countywide efforts to recruit and retain productive employees.

50% of all departments with over 25 employees have a turnover rate in excess of the current quarterly rate of 10.5%. As of June 30, 1999, 28.3% of all departments with over 25 employees had turnover rates in excess of the quarterly rate. This is contrary to the fact that the County's quarterly rate of attrition has dropped nearly 1% from last quarter.

Departments with more than 25 employees, showing the highest rates of attrition over the current quarter's rate of 10.5% are shown on the chart at right. Issues are being addressed to reduce the high turnover in these departments.



### Maricopa County Incremental Economic Growth Trend



Maricopa County's incremental population growth has sustained an approximate 3.5% annual expansion versus its labor force growth, which continues to spiral upward. These expansions over the past ten years have adversely affected attrition through the creation of a highly competitive job market. The chart at left bears this out. High employment growth combined with low unemployment drives up the cost of labor, creating labor shortages. By placing a high value on its employees,

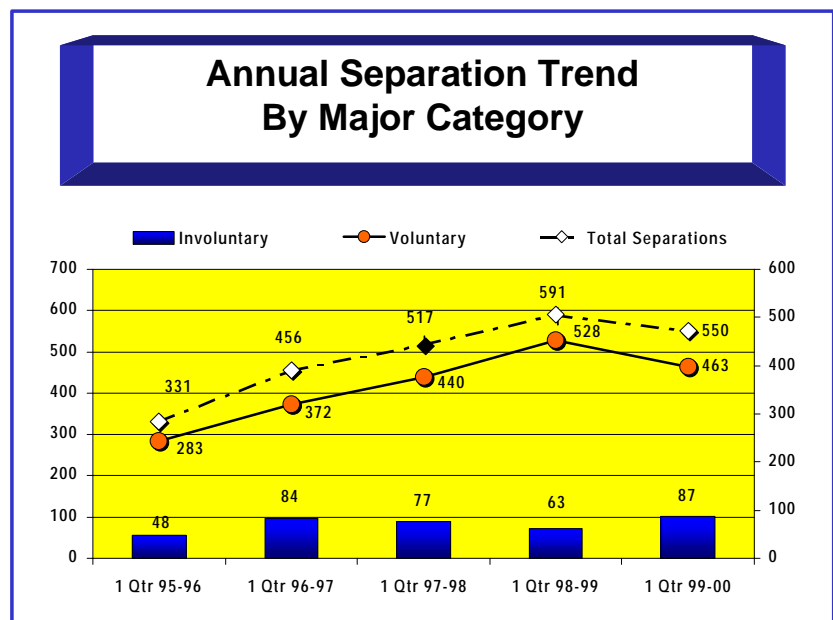
Maricopa County has anted up the stakes in order to attract high-caliber employees while reducing the rate of attrition.

The financial and personnel resources of the County are impacted when labor demands exceed supply. Resourceful recruitment strategies combined with creative employee oriented compensation, benefit and rewards programs, and job satisfaction assist to curb the tide of employee attrition.

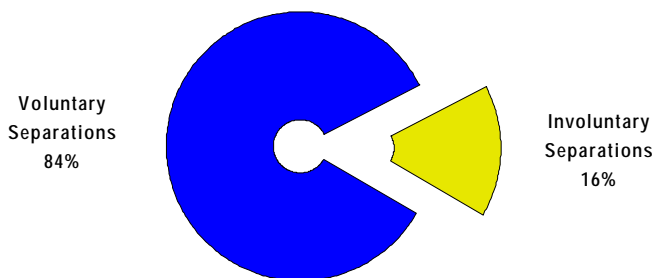
# separations

Separations encompass all employees leaving the Maricopa County workforce. Information furnished by separating employees provides management with the tools necessary to assess and resolve outstanding employee issues. The data solicited from separating employees is a critical factor in achieving enhanced employee value while improving the work environment, quality of work generated and customer satisfaction.

Separations are classified as either voluntary or involuntary. Voluntary separations are the key indicator of employee satisfaction. Up until the current quarter, voluntary separations rose steadily over the past four years as shown on the chart at right. Maricopa County's recent push towards employee satisfaction and value through various programs has paid-off in terms of reducing employee separations. The FY 1999-00 1<sup>st</sup> quarter separation and attrition results suggest that employee satisfaction is on the rise.



## 1st Quarter FY 1999-00 Employee Separations By Category



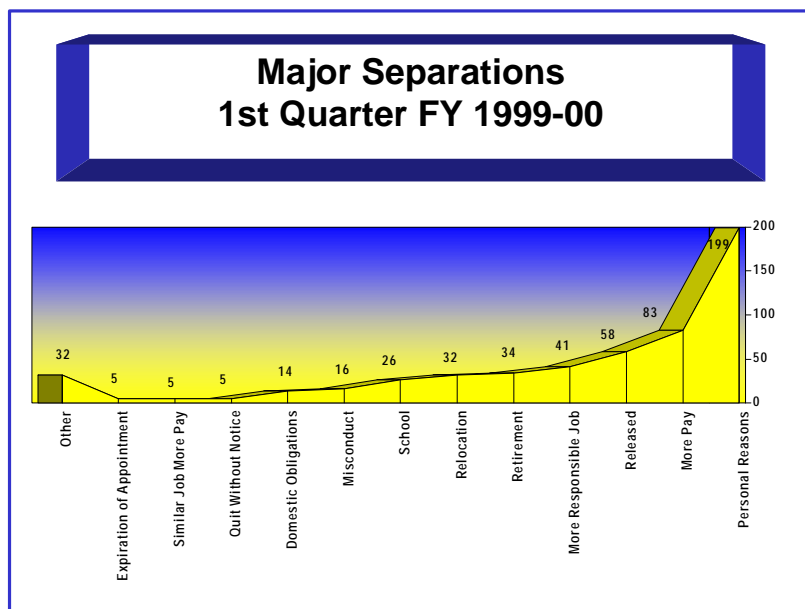
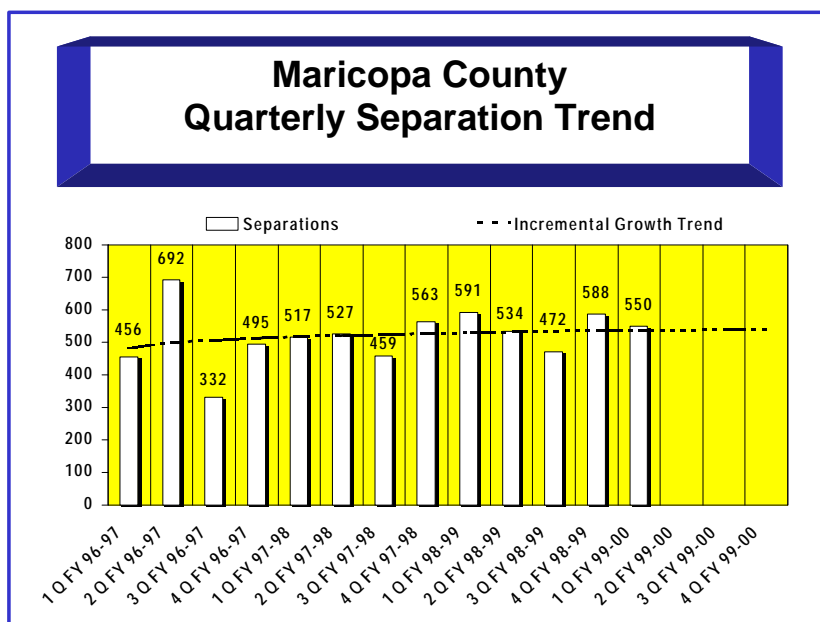
Separations play a major role in identifying employee needs. Voluntary separations represent 84% of all separations and involuntary separations represent 16%, as shown on the chart at left.

Involuntary separations have increased by 28% over the 1<sup>st</sup> quarter of last fiscal year. This increase is primarily due to misconduct or violation of rules and employees released<sup>3</sup>.

<sup>3</sup> Employees released refer to involuntary leave while on initial probation or involuntary leave from Unclassified status.

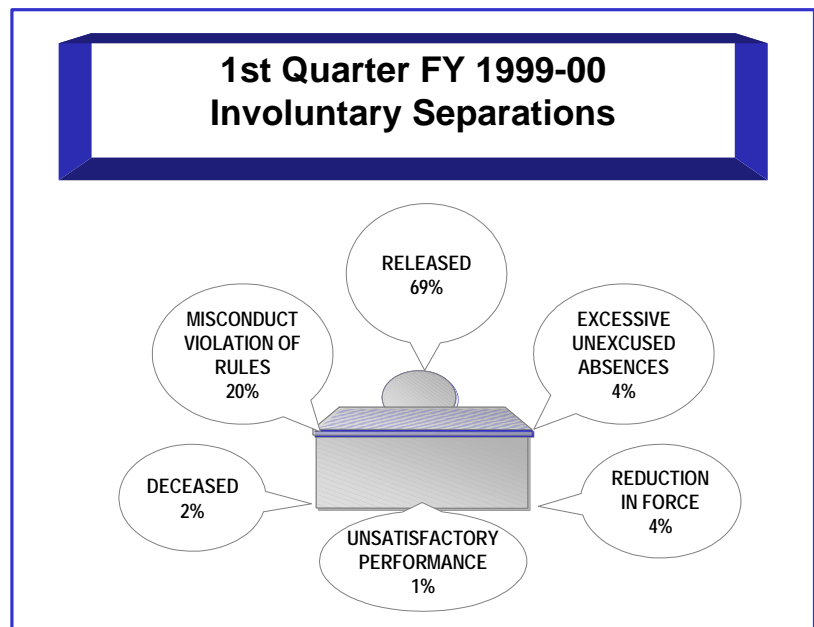
Separations impose significant financial and operational impacts to County departments. Examples include lost productivity, increased recruitment activity, additional training time and cost, reductions in the level of customer service, and reduced employee morale due to additional demands placed upon existing employees that assume extra workloads. Emphasis is placed upon voluntary separations due to the substantial impact on attrition, employee morale, and customer service. Also, the higher the voluntary separation rates the higher the financial and operational impact to County departments.

The chart at right shows quarterly separations including an incremental growth trendline. The incremental growth trend in separations appears to have leveled out. Economic expansion has increased competition in the local labor market, which tends to negatively affect the County's ability to retain employees. The quarterly separation trendline belies what is happening in the economy. It appears that Maricopa County's press to retain employees has offset the affect of current economic conditions through employee retention strategies.



1<sup>st</sup> quarter separations total 550. As shown on the chart at left, personal reasons dominate the field at 199 separations. Personal reasons continue to remain a critical issue regarding separations. This catchall area does not allow management an understanding of the separation issues that exist. Hence, 37% of all separations go unclassified. Over time, this issue is expected to lessen due to the Exit Interview program results. The remaining separations are self-evident.

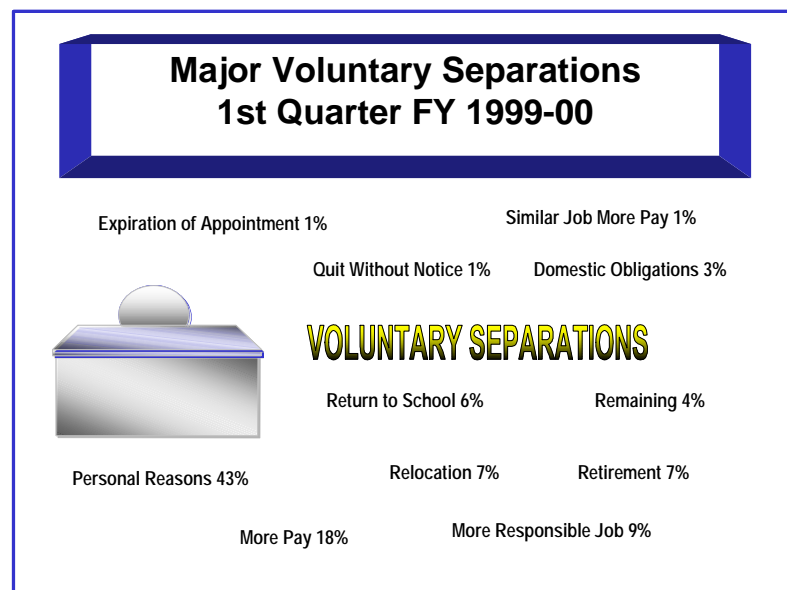
Involuntary separations occurring during the 1<sup>st</sup> quarter are provided at right. The largest category, released, is the area most affected through the hiring process. Employees are released during their initial probation period with the County. Hiring issues, which are described in more detail under the recruitment strategies section of this document, combined with performance issues, poor job matches or changes in administration often lead to employees being released. The remaining involuntary separations are self-explanatory and represent misconduct or violation of rules, excessive unexcused absences, reductions-in-force, deceased and unsatisfactory performance.



misconduct or violation of rules, excessive unexcused absences, reductions-in-force, deceased and unsatisfactory performance.

INVOLUNTARY SEPARATIONS					
	FY 95-96	FY 96-97	FY 97-98	FY 98-99	FY 99-00
1 <sup>st</sup> Quarter	48	84	77	63	87

Involuntary separations during the 1<sup>st</sup> quarter of the last 5 years are provided on the chart above. Although the numbers appear erratic, the actual involuntary separation trend remains flat, as demonstrated on the prior page. This trend may indicate that County management may be doing a better job at performance management and more attentive to addressing performance issues more quickly and decisively.



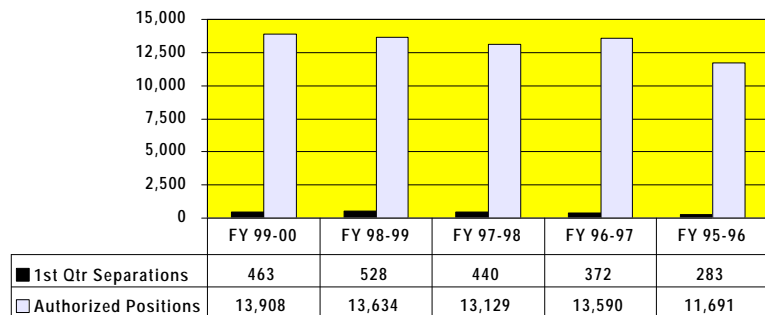
Major voluntary separation reasons for the 1<sup>st</sup> quarter of FY 1999-00 are provided at left. 199 voluntary separations dominate both voluntary and involuntary separation reasons. As mentioned previously, the County Exit Interview program is designed, in part, to fill the gap in the personal reasons category.



Next to personal reasons, 19% of employees leave for more pay and 9% for more responsible jobs. These indicators suggest market equity issues and other local competitive market issues remain outstanding, which the County is currently addressing.

The chart at right shows the voluntary separations during the 1<sup>st</sup> quarter of the last five years. Also shown are the total numbers of positions authorized.

### Voluntary Separations & Authorized Positions



Several major impacts affecting voluntary separations have occurred in recent years. During FY 1995-96 and continuing into FY 1996-97, a Countywide hiring freeze and the Maricopa Health System reorganization occurred. FY 1997-98 saw the opening of the Mayo Hospital and a new state detention facility. Continued economic expansion has affected attrition and propelled voluntary separations. Until FY 1999-00, 1<sup>st</sup> quarter voluntary separations have continued on the rise. The current 1<sup>st</sup> quarter separations show a 12% decrease in voluntary separations. The table below shows departments with more than 15 separations during the 1<sup>st</sup> quarter of FY 1999-00, by category. The order of separations by department remains virtually the same over time.

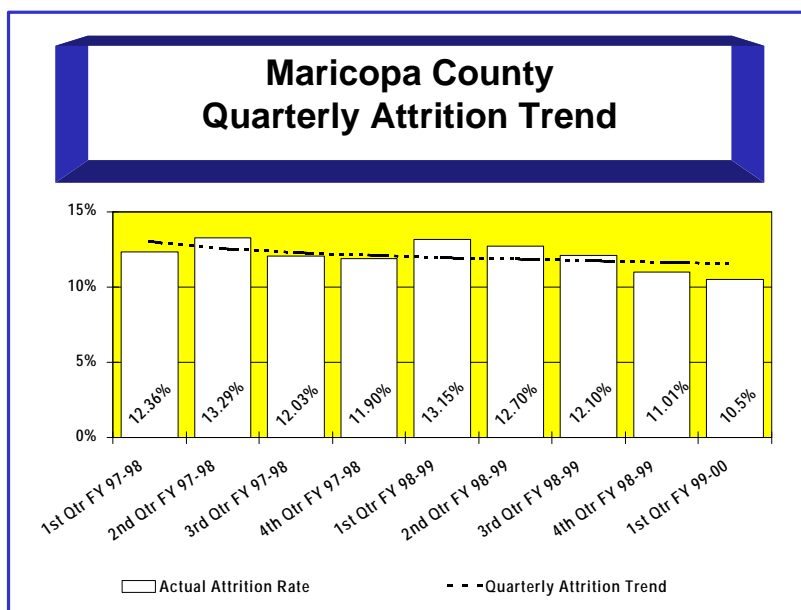
1 <sup>st</sup> Quarter FY 1999-00 Major Separations By Department & Category				
Department	Voluntary	Involuntary	Total	% Total Separations of Those Authorized
Maricopa Health System	145	24	169	8.4%
Sheriff's Office	63	11	74	3.0%
Superior Court	30	7	37	4.2%
County Attorney	32	1	33	3.9%
Clerk of Superior Court	19	8	27	4.5%
Maricopa Health Plan	22	2	24	6.6%
Human Services	17	1	18	6.2%
Indigent Representation	14	1	15	3.3%
Adult Probation	12	3	15	1.4%
Transportation	10	5	15	2.9%

Data collection and analysis is critical when examining voluntary and involuntary separations. Improvements to the Countywide outprocessing procedures, including the use of exit interviews, combined with creative compensation programs and an emphasis on employee personal improvement are contributing factors lowering separation rates.



# ► recruitment strategies

Maricopa County's recruitment strategies call for attracting diversified and proactive key talent while providing personal and corporate value to employees and citizens alike. The County remains steadfast in its resolve to ensure competitive and equitable compensation along with personal and career growth opportunities for all of its employees. This may be achieved by placing a high value on its employees and sustaining the ability to respond to an ever-changing work environment.



Maricopa County's attrition reduction over the past several years shows a strong commitment to employee satisfaction and success. According to the career management and consulting firm of Drake Beam Morin, as described in the magazine *Workforce Online*, nearly 80 percent of turnover is due to hiring mistakes, which, fortunately, many of these can be avoided.

Their premise is based upon recruitment strategies, some of which are outlined below.

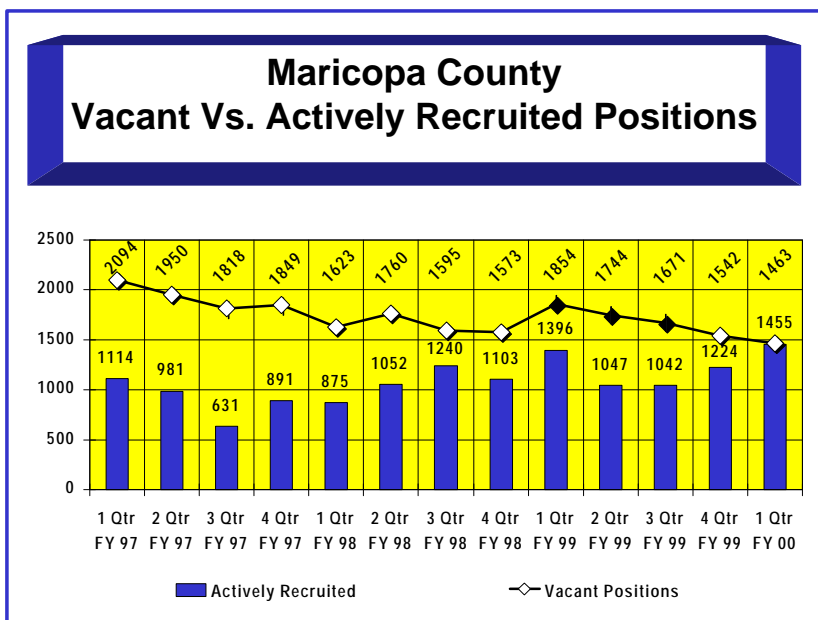
1. Hire the right person, "hire for attitude, train for skill;"
2. Thoroughly analyze core competencies;
3. Demonstrate employer commitment to a new hire's success through innovative programs, such as a well-executed orientation program;
4. Align competencies with contributions so that employees are aligned with what the company needs them to do and what they are best at and enjoy doing;
5. Motivate by checking your assumptions and designing strategies that fit;
6. Make rewards count by making them immediate, appropriate and personal;
7. Enlist employee problem solvers to help create deep company ownership for employees;
8. Practice what you preach by establishing corporate values, then walking the talk;
9. Sweat the exit interview by tracking reasons for departures that, when addressed, help stem further turnover.

Maricopa County's recruitment strategies correspond with those previously described by the consulting firm of Drake Beam Morin. This may be a major contributor to the County's reduction in turnover.

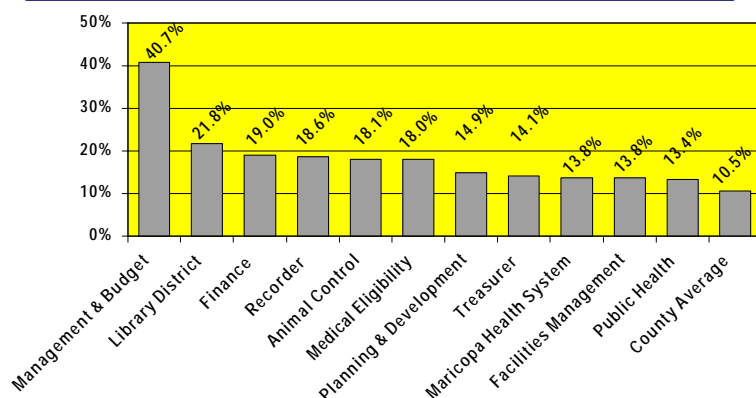
A direct relationship appears to exist between that of vacant and actively recruited positions. The increase in actively recruited positions coincides with the decrease in vacant positions. This supports the premise that increasing recruitment activity increases the likelihood of those positions being filled. There are however exceptions, such as shortages of skilled workers in the local marketplace, non-competitive salary issues, budgetary implications and timing issues, etc.

The chart at right compares vacant positions to those actively recruited quarterly for the last four fiscal years.

As of September 30, 1999, 1,463 positions remained vacant, of which 1,455 or 99.4% were actively recruited. The average annual percent of vacant positions actively recruited has increased from 45.7% in FY 97 to 52.2% in FY 98, and from 52.2% in FY 98 to 68.2% in FY 99, and from 68.2% in FY 99 to 99.4% in FY 00.



### Maricopa County Departments Highest 1st Quarter Attrition



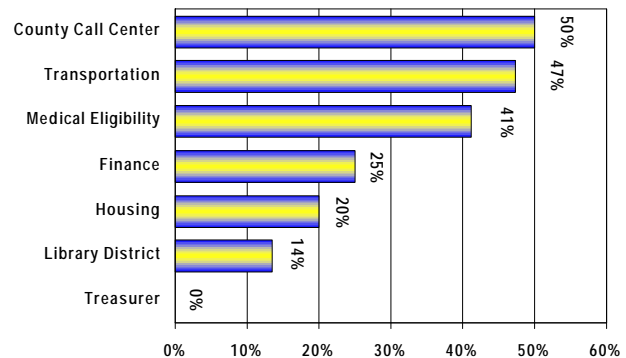
The local economic climate creates an "employee advantage" as applied to recruitment and retention strategies. Shortages of skilled workers put employees in the drivers' seat, thus employers are at a disadvantage in their ability to recruit and retain staff.

The departments shown at left have the highest attrition rates Countywide. One of the main concerns of management is the ability to offer competitive compensation and other employee programs in order to offset the intensely competitive job market.

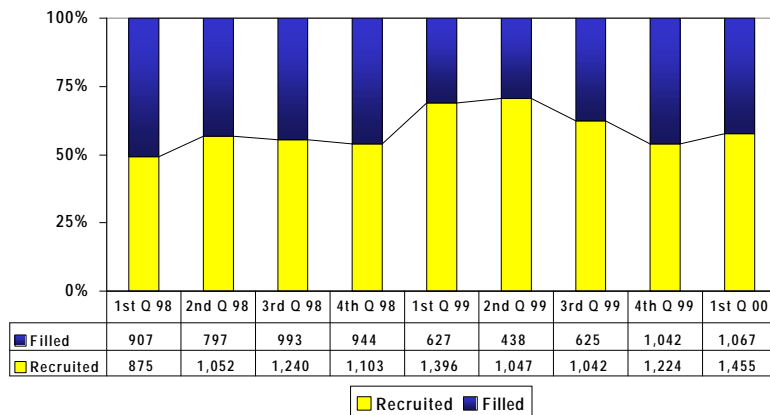
The departments shown on the chart at right actively recruited less than 50% of their *vacant positions* during the 1<sup>st</sup> quarter of FY 1999-00. For example, the Treasurer's Office recruited none of their 9 vacant positions, the Library District recruited 5 of 37 vacant positions, and Medical Eligibility recruited 21 of 51 vacant positions, etc. These departments showed high rates of attrition as well.

Active recruitment of vacant positions has contributed to the reduction in the rate of attrition Countywide. The decline of attrition rates over time are as follows: FY 1995-96 – 19.1%; FY 1996-97 – 14.3%; FY 1997-98 – 12.4%; FY 1998-99 – 12.2%; and year-to-date FY 1999-00 – 10.5%. Maricopa County's competitive recruitment strategies have shown to be effective over time, as seen through the lowering of attrition rates.

### 1st Quarter FY 1999-00 % of Vacancies Actively Recruited



### Maricopa County Recruited Positions Filled

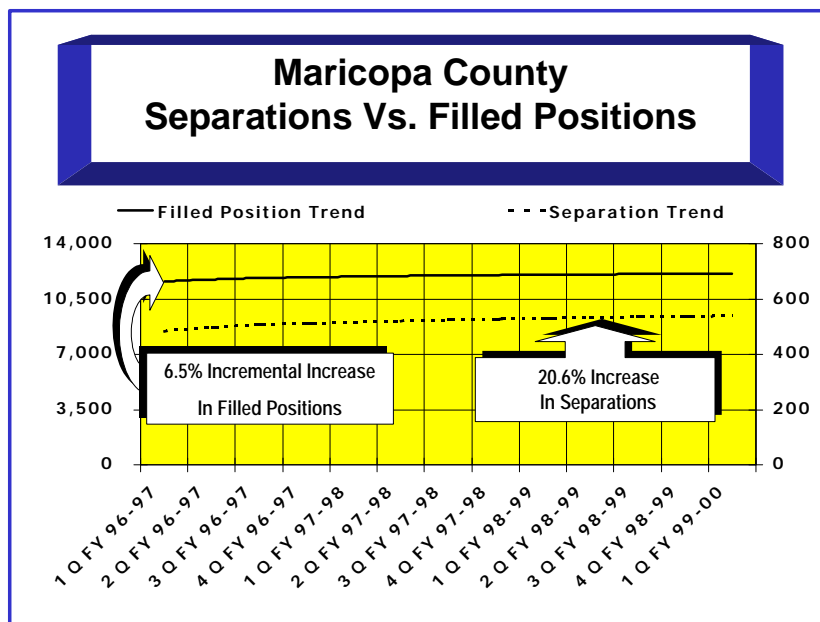


The chart at left compares both the numbers of positions recruited to total recruited positions filled and their corresponding percentages. During the 1<sup>st</sup> quarter of FY 1999-00, 73.3% of all recruited positions were filled. These successful recruitment's may be due to strategies such as offering personal and career growth opportunities, flexible work schedules combined with teleworking, concern for employee wellbeing, availability of qualified workers and

competitive compensation packages, etc. Departments that successfully recruit and fill 73% or more of their vacant positions provide management with an excellent resource from which to gather strategic recruitment information for improving Countywide recruitment efforts.

Another impact upon recruitment is the number of separations, i.e., employees leaving the County. The greater the rate of separations the greater the number of recruitment activities required to fill vacant positions, the greater the fiscal impact.

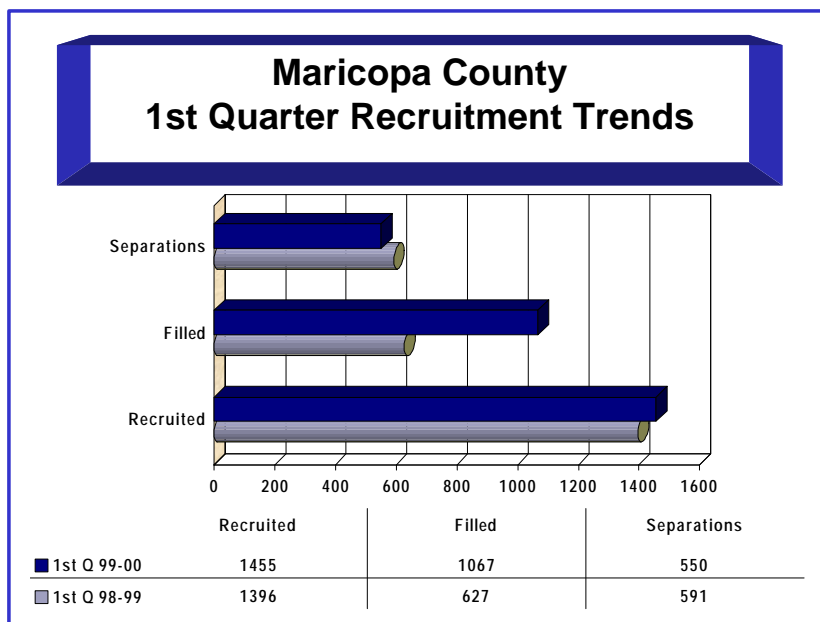
Comparing the number of separations to the number of positions that are filled may be an indication of employee satisfaction, increased economic growth, a shortage of personnel qualified to fill the vacant positions, or a lack of hiring activities or skills.



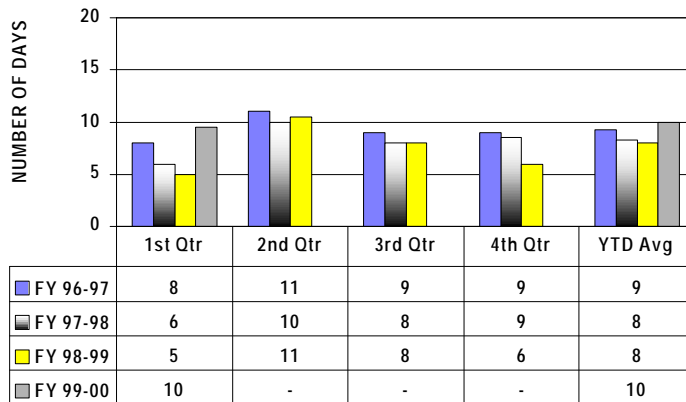
The separation trend as shown on the chart at left indicates an incremental growth of 20.6% in the number of employees leaving Maricopa County since the 1<sup>st</sup> quarter of FY 1996-97, down from 29% last quarter. There were 550 separations during the 1<sup>st</sup> quarter of FY 1999-00 vs. 456 separations during the 1<sup>st</sup> quarter of FY 1996-97. The incremental increase in the total number of filled positions is 6.5% over the same time span. As of September 30, 1999, there were 12,445 positions filled as

compared to 11,691 from the 1<sup>st</sup> quarter of FY 1996-97. Comparing these statistics numerically, filled positions have increased by 754 while separations have increased by 94 over the course of the last three years. That is an 8:1 ratio of regular employees to the number of employee separations, representing a positive trend from last quarter's ratio of 5:1.

The chart at right is an indication of the positive recruitment trend from the 1<sup>st</sup> quarter of last fiscal year. Maricopa County's number of recruited positions are down 4% from the same time last year. Filled positions are up 70% and separations are down 7% from the 1<sup>st</sup> quarter of last year.



### Maricopa County Recruitment Certification



Another measure used to determine the success of recruitment processes for regular and unclassified positions is the number of days it takes to certify and fill vacant positions.

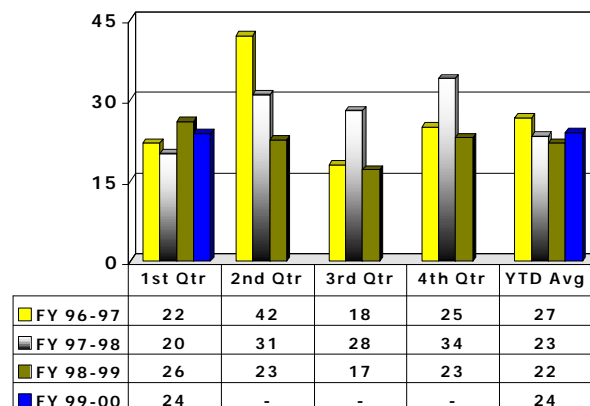
The chart at left provides recruitment process statistics for regular and unclassified positions. Certification refers to the process of providing the hiring authority with a list of eligible candidates. The *average* number of days to provide current certification lists is seeing

its first increase in four years. One possible cause for this increase is the major push towards market equity in departments Countywide. Changes required to analyze and implement the attributes of various positions and market pay ranges take time and have an impact on the number of days it takes to provide an eligible candidate listing.

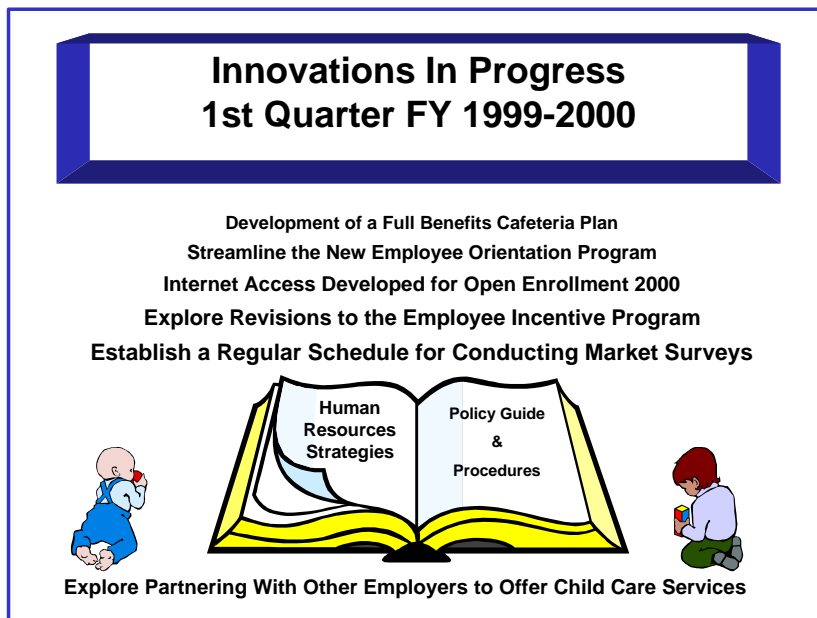
Average days to fill vacant positions refer to the number of days from receipt of the personnel requisition to the effective date of appointment for the selected candidate. There is a reduction in the *average* number of days to fill vacant positions as shown on the chart at right.

As we enter the 21<sup>st</sup> Century, Maricopa County's success depends upon acquiring and retaining diversified, productive, customer focused employees while achieving a high level of employee satisfaction. By looking objectively at today's culture, and introducing creative employment solutions with innovations that support successful recruitment processes, Maricopa County positions itself to promote a climate where employees are provided personal and career growth opportunities. Successful employment staffing involves hiring the right people with minimal lead-time, and involves the entire organization. Maricopa County strives to be on the cutting edge of employment practices.

### Maricopa County Recruitment Average Days To Fill Vacant Positions



# ▶ innovations & competition



Maricopa County is committed to provide competitive compensation, creative recruitment and diversified retention strategies into and beyond the year 2000 (Y2K), in order to recruit and retain top quality, highly productive and personally satisfied employees. Many innovations are being established in order to focus upon increasing the quality of life for its employees. Highly competitive, cutting-edge personnel practices ensure an innovative and competitive spirit amongst its workforce.

The chart at left summarizes a number of innovations in progress. These innovations focus upon increasing employee and taxpayer satisfaction, while pushing towards improving the quality of life for its employees.

The 1<sup>st</sup> quarter of FY 1999-00 has provided new experiences, such as the Internet access developed for Open Enrollment 2000 (OE2). OE2 has proved to be very successful and employee feedback supports continued efforts to ensure open benefit enrollments are as private and smooth as possible, while meeting employee and organizational needs.

Improvements have been made to the County Compensation Plan, while revisions to the Employee Incentive Award Plan are being explored. The County's use of the Internet provides employees and the public with access to job information, positions available and job applications. Annual job fairs provide college students and the public with information regarding County employment and careers. On-site education programs are one of many employee opportunities offered. Several colleges and universities provide certificate, undergraduate and graduate school programs on-site. Adding these career advancement resources to the existing Maricopa County Management Institute (MCMI) Manager and Supervisor Schools provides a competitive edge not previously available at Maricopa County.

Employee information, policies and procedures are readily available via the County's Intranet, known as the Electronic Business Center (EBC), for exclusive employee access and use. Those employees who do not have access to the EBC may obtain this information from the Human Resources Department, to assist in any questions they may have regarding the County's changing environment.

Maricopa County Performance Incentive Awards (PIA) Program for recognizing and rewarding valued employees issued \$3.4 million in FY 1997-98 and \$3.9 million in FY 1998-99. As of June 30, 1999, 1,933 PIA's were issued at an average of \$1,995 each. PIA's are unused salary advancement funding that may be awarded at fiscal year-end in the form of performance incentives, i.e. one-time awards that do not increase an employee's base salary.

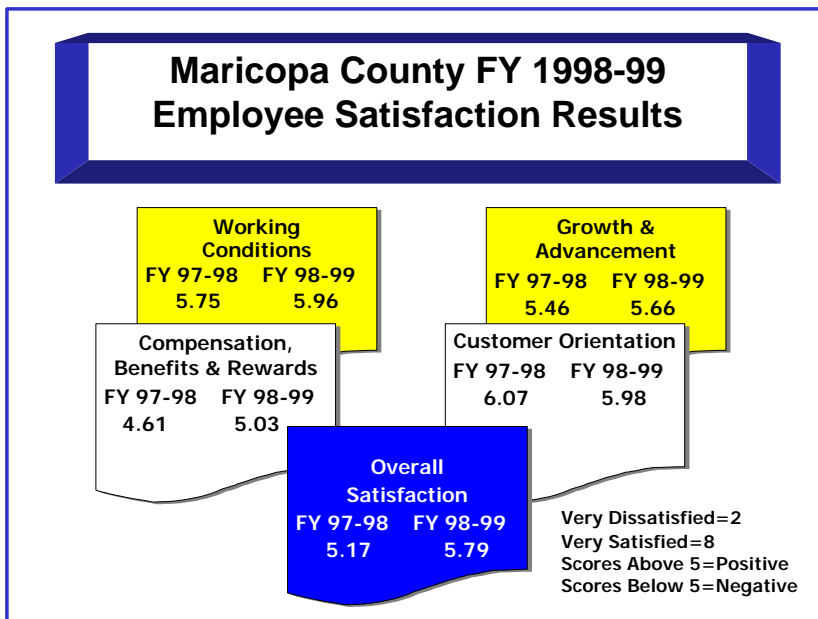
Salary advancements, on the other hand, do increase an employee's base pay. During the 1<sup>st</sup> quarter of FY 1999-00, the following advances, in order of departments with the most employees reported, were completed as follows:

1 <sup>st</sup> Quarter FY 1999-00 Salary Advancement Information			
Department	No. Employees	No. Advances	Average % Advance
Sheriff's Office	2,212	313	3.6%
Maricopa Health System	1,720	1,782	7.2%
Adult Probation	1,037	943	6.6%
County Attorney	783	26	4.9%
Juvenile Probation	720	747	9.4%
Superior Court	680	600	4.4%
Clerk of Superior Court	540	37	11.6%
Indigent Representation	406	45	10.2%

Subtotals of salary advancement data for the 1<sup>st</sup> quarter show 3,900 advances of approximately 7.4% each were completed for a fiscal year impact to date of \$8.1 million.

Annual Exit Interview data reveals that the FY 1998-99 voluntary termination category of Benefits, Compensation and Rewards is the reason most employees separate from Maricopa County employment. The chart at right provides exit interview data for the last two fiscal years. Overall satisfaction continues on the upswing. The only individual area of decline is in customer orientation. This area's exit interview questions deal with customer satisfaction at the department and unit level.

Quarterly improvements have been made in this arena and managers are aware of the shortfalls.





Maricopa County's increasing organizational demands combined with the local economic boom has created a highly competitive employment market that is already in short supply. Retaining diversified, productive, customer focused employees demands cutting edge innovations and forward-thinking employee practices. Achieving a high level of employee satisfaction requires management to provide a quality work environment. Meeting these goals means looking objectively at today's culture, and introducing creative employment solutions.

As we enter the 21<sup>st</sup> Century, accomplishing personnel performance objectives, while expanding its commitment to enhance employee value and increase the quality of life for employees and citizens alike, requires the successful administration and control of staffing resources. The key to acquiring productive, quality staff requires resourceful information systems, advanced communication processes, innovative technology and recruitment processes, the use of competitive compensation and creative personnel leave programs. These programs are geared to promoting a climate where employees are provided personal and career growth opportunities. By continuing to implement creative recruitment strategies and employee oriented compensation plans, the County will be on par with the best employers in attracting and retaining quality staff in support of Maricopa County's strategic goals.